



CTIA

Building The Wireless Future™
Cellular Telecommunications Industry Association

February 8, 2000

Via Facsimile 202 418-2821

Mr. Mark Schneider
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Federal Communications Commission
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: WT Docket No. 97-207 - Calling Party Pays

Dear Mr. Schneider:

Attached are pages 18-25 of CTIA's Reply Comments filed in WT Docket No. 97-207, which address the competitive status of the billing and collection industry in the U.S., including summary data on pages 19-22 about the size of the U.S. billing industry, and a discussion on pages 23-24 regarding dial-around providers' agreements with LECs.

As these pages indicate, with 60+ billing vendors working with and for CMRS, IXC, LEC, CLEC, and other telecommunications providers, the billing industry is dynamically competitive, and there are many options available to providers of Calling Party Pays (CPP).

Given this situation, LECs should not be required to provide billing and collection services (although they are obligated to provide billing name and address information under existing rules, which makes it possible for third parties – and CMRS carriers – to perform CPP billing), and CPP providers should be free to contract with whatever billing service provider they choose.

If you require any further information with respect to the issue of Calling Party Pays, please do not hesitate to give me a call at 202-736-3255.

Sincerely,

Robert F. Roche, Ph.D.
Assistant Vice President
for Policy and Research

cc: FCC Secretary



BEFORE THE
Federal Communications Commission
WASHINGTON, D.C.

In the Matter of)	
)	
Calling Party Pays Service Offering)	WT Docket No. 97-207
in the Commercial Mobile Radio Services)	

**REPLY COMMENTS OF
THE CELLULAR TELECOMMUNICATIONS INDUSTRY ASSOCIATION**

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TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	ii
I. INTRODUCTION	1
II. THE COMMISSION SHOULD REJECT COMMENTER REQUESTS TO IMPOSE UNNECESSARY REGULATORY OBLIGATIONS ON CPP OFFERINGS OR OTHERWISE CONSTRAIN CPP DEVELOPMENT.....	4
A. The Commission Need Not Demonstrate A Need For CPP As A Condition Precedent To Removing Regulatory Obstacles To CPP Development.	5
B. The Commission Can Protect Consumers Without Resorting To Intrusive Regulation Of The CPP Notification Mechanism.	7
1. The Pay Per Call Regulatory Regime Is Inappropriate For CPP Service Offerings.	8
2. The Commission Can Ensure That Consumers Are Adequately Protected Without Sharing Jurisdiction Over CPP With The States.	10
3. The Commission Should Ensure That The Notification Mechanism Is Simple, Clear, and Effective.	15
C. The Commission Should Not Mandate That LECs Provide CPP Billing And Collection Services.	18
1. The Billing Industry Is Competitive And Dynamic.....	19
2. The Record Demonstrates That Mandatory Billing And Collection Is Unnecessary.	22
3. The Commission Should Ensure That States Do Not Prohibit LECs From Providing CPP Billing And Collection Services.....	24
D. The Commission Should Not Regulate Technical Issues Surrounding CPP.....	25
E. The Commission Should Not Impose Reseller Switch Interconnection Obligations On CMRS Providers.	30
III. CONCLUSION.....	32

Commission should set general parameters for the notification message that carriers may then tailor to specific consumer needs and concerns.

The flip-side of removing regulatory barriers is to maximize carriers' flexibility in tailoring service options that respond to consumer demand. In other words, the government's role is not to pick a winner. Rather, its goal is to ensure that certain service options are not "losers" by virtue of an inappropriate level of regulation. This means that CPP should co-exist with one-rate plans, and with flat-rate plans. Maximizing consumer choice should be the regulator's primary objective. Doing so is appropriate so long as consumers are provided with the necessary information to make informed decisions, and the government is capable of responding through quick but limited intervention when warranted.

C. The Commission Should Not Mandate That LECs Provide CPP Billing And Collection Services.

CTIA has consistently maintained that it is unnecessary at this time to adopt intrusive regulations that require ILECs to provide CPP billing and collection services. The Commission decided over ten years ago to deregulate billing and collection services.³⁸ Since then, it has repeatedly rejected requests by various carriers to revisit its decision. Given this historical resistance to regulation, a decision by the Commission to mandate billing and collection services at this juncture will generate significant controversy as would any decision by the Commission to

that CPP be provided in a certain way. *Id.* See also John Borland, CNET News.com, "New Billing for Wireless Calls," (Sep. 27, 1999) (found at <<http://abcnews.go.com/sections/tech/>>) (According to AT&T Wireless executive, "[s]ome people told us that they didn't want to use calling party pays because they didn't want to look cheap.").

³⁸ Detariffing of Billing and Collection Services, Report and Order, 102 FCC 2d 1150 (1986).

reverse its precedent, even for limited purposes.³⁹ Rather than miring CPP in a billing and collection controversy, the Commission would better serve consumers by focusing its resources on other CPP implementation issues. CTIA submits that the timely adoption of a tenable national, uniform CPP consumer notification mechanism is a much more judicious use of Commission resources. Intense scrutiny into the billing and collection issue, on the other hand, will only delay the introduction and roll-out of CPP, thereby jeopardizing its potential.

Commenter requests for mandatory LEC CPP billing and collection are not persuasive. The billing and collection market is competitive. In addition, as the record demonstrates, voluntary negotiations have resulted in beneficial CPP billing and collection arrangements between LECs and CMRS carriers. Moreover, it is entirely reasonable to presume that widespread introduction of CPP services will promote CMRS carriers' ability to enter into reasonable billing and collection arrangements similar to those currently afforded to dial-around long distance services. CTIA believes that the sole billing and collection barrier that the Commission should remove at this time is the states' ability to bar LECs outright from providing CPP billing and collection services to CMRS carriers.

1. The Billing Industry Is Competitive And Dynamic.

The billing industry is highly-competitive, with a large number of service and systems providers, both big and small, supporting wireless and wireline companies, including traditional incumbent local exchange carriers ("ILECs"), new entrant competitive LECs ("CLECs"),

³⁹ The record already demonstrates that commenters are sharply divided on the issue of mandatory billing and collection. This controversy will only intensify if the Commission revisits its previous determination.

interexchange carriers ("IXCs"), cellular, PCS, enhanced specialized mobile radio ("ESMR"), paging, and fixed wireless local loop providers.

Overall revenues for the "billing and customer care" industry have been estimated at \$2.5 billion in 1997 (including revenues derived from LECs, IXCs and wireless carriers).⁴⁰ Revenues for the billing industry are projected to grow to \$9.6 billion over the next five years, and to more than \$15 billion by the end of 2005.⁴¹ There is consensus that the billing industry is dynamic and evolving, with both consolidations and new entry occurring. This promotes a more efficient and customer-oriented variety of billing alternatives for both the wireless and wireline market segments.⁴²

With more than 60 billing vendors working with and for CMRS, IXC, LEC, CLEC, and other telecommunications service providers (including fixed wireless local loop, paging, and Internet provider ("IP") operators), the billing industry is competitive, and CPP providers should be free to contract with whatever billing service provider they choose. Given this marketplace condition, LECs should not be required to provide billing and collection services. Rather, LECs are obligated to provide billing name and address ("BNA") information under existing rules,

⁴⁰ See "The Telecommunications Back Office: Billing, Customer Care and Non-Billing OSS," Jefferies & Company, June 1999, at 23 (citing Communications Industry Researchers, Inc.); see also W. Uzdelewics, "Amdocs Limited," S.G. Cowen Securities Corp., (Sep. 7, 1999).

⁴¹ See IDC Press Release on IDC's special report "Telecom Billing: An Overview of the Competitive Landscape," entitled "U.S. Telecom Billing Industry to Top \$9.6 Billion in Five Years," May 17, 1999 (located at <<http://www.idcresearch.com/Data/Networking/content/NT051799PR.htm>>).

⁴² See, e.g., Jefferies & Company, supra.

which makes it possible for third parties – including CPP service providers or their agents – to perform CPP billing.

The emerging markets for billing services include wireless data applications, such as short message service (SMS), and other IP-oriented applications.⁴³ Moreover, while consolidation of some service providers has the effect of rewriting carrier-billing provider relationships, the entry of new service providers, such as CLECs, is providing opportunities for new and existing billing service providers to develop and market scaleable and specialized billing systems and services to carriers.⁴⁴

Indeed, the dynamic nature of the overall telecommunications marketplace, with wireless-wireline convergence and the convergent entry by CLECs, fixed wireless, cable and other service providers, is driving demand for new billing systems, capable of handling next generation services.⁴⁵ Thus, the prescription of specific billing parties or the regulation of billing services would interfere with the evolution of the billing marketplace. It would also destabilize the evolutionary impulse which is driving the development of new services, systems, and provider arrangements.

⁴³ See Rebecca Diamond, "Metered Billing for SMS Wireless Data Services," *Billing World*, Sep. 1999, at 23-24.

⁴⁴ See Dan Stone, "Quarterly Earnings Strong But Market Remains Soft," *Billing World*, Sep. 1999, at 36 (noting views of analysts Nikos Papageorgiou and Douglas Ashton of S.G. Cowen and Jefferies & Co. on entry of 1,300 CLECs in the U.S.).

⁴⁵ See "Wireless & Convergence Carrier Billing Systems," Technology Research Institute, at 6.

Analysts at A.G. Cowen and other firms have concluded that there is "strong market demand for billing and customer care products and services."⁴⁶ Indeed, analysts consider billing and customer care strategically important competitive tools in the competitive telecommunications marketplace.⁴⁷ Given these market realities, Commission interference is unnecessary.

2. The Record Demonstrates That Mandatory Billing And Collection Is Unnecessary.

As the Commission acknowledges, regulatory intervention in the LEC-CMRS billing and collection relationship would be a serious step. Such intervention is not warranted unless there is a strong record demonstrating a clear market failure.⁴⁸ Such a record, though, does not exist. In fact, the record demonstrates that voluntary negotiations between LECs and CMRS carriers have resulted in many beneficial billing and collection arrangements.⁴⁹ As noted by GTE, "LECs are generally willing to negotiate to provide billing and collection services for any telecommunications service offered, including presumably, CPP."⁵⁰ GTE believes that to the

⁴⁶ W. Uzdelewicz, "Telecom Services Quarterly," S.G. Cowen Securities Corp., Aug. 13, 1999, at 3.

⁴⁷ Id.

⁴⁸ Notice at ¶¶ 59, 61.

⁴⁹ See, e.g., Comments of Cincinnati Bell Telephone Company ("CBT") at 2 ("CBT has provided billing and collection services for CPP charges on behalf of both Ameritech Communications, Inc. and Airtouch Communications, Inc. since 1987"); U S WEST Comments at 20 ("U S WEST has been working collaboratively with CMRS providers for a couple of years. Some of these providers want U S WEST to bill for their CPP offerings and some do not. Our past business practice has been to bill for these services; and, at this time, we envision no business imperative that would change our past practice in any material way.") (citations omitted).

extent that there is reluctance to perform such a task, adoption of a notification message should help to alleviate some of these concerns about consumer acceptance.⁵¹ Similarly, SBC Communications Inc. notes, "LECs should not be prohibited from providing billing and collection service for CPP should they decide to do so . . . But that should be a marketplace choice, not a regulatory requirement."⁵²

Moreover, there is significant evidence that dial-around providers, who provide services similar to CPP, have been able to reach voluntary billing and collection agreements with LECs. Many dial-around services, including "10-10-321,"⁵³ "10-10-220,"⁵⁴ "10-10-275,"⁵⁵ "10-10-345,"⁵⁶ and "10-16-238,"⁵⁷ advertise that charges for the long distance service will appear on the monthly local telephone bill. The ready availability of LEC billing and collection for dial-around carriers strongly suggests that CMRS providers will be able to reach similar agreements for CPP services.⁵⁸ As explained in an Attachment to AirTouch's comments by Dr. Michael L. Katz and

⁵⁰ GTE Comments at 33.

⁵¹ Id. at 34.

⁵² Comments of SBC Communications Inc. at 10.

⁵³ See <<http://www.10-10-321.com/welcome.html>>.

⁵⁴ See <<http://www.10-10-220.com/faqs>>.

⁵⁵ See <<http://www.net-savings.net/10321/40404.htm>>.

⁵⁶ See <<http://www.10-10-345.com/faqs/faqs.html>>.

⁵⁷ See <<http://www.thedigest.com/99/99-10.html>>.

⁵⁸ As anyone who watches television knows, there are numerous advertisements for dial-around services during prime time and sporting events. In fact, according to previous AT&T estimates, the dial-around market is worth about \$3 billion. See "AT&T Creates Discount Long Distance Unit" (Oct. 6, 1998) (located at <<http://www.techweb.com/>

David W. Majerus ("Katz and Majerus"). "all ILECs currently offer services essentially identical to those required for the billing and collecting services for CPP. For example, the billing and collection services that ILECs offer to companies offering casual calling are almost identical to the services needed for CPP."⁵⁹ Katz and Majerus note that "for casual calling, ILECs charge 'roughly 12 to 13 cents per invoiced call.'"⁶⁰ Similarly, Sprint Corporation indicates that, "LEC rates for casual toll billing (10-10-XXX calls) range from a low of 10 cents to a high of 20 cents per message" and that these rates may be available to CMRS carriers providing CPP.⁶¹ This evidence strongly suggests that reliance upon voluntary negotiations should not be abandoned at this juncture.

3. The Commission Should Ensure That States Do Not Prohibit LECs From Providing CPP Billing And Collection Services.

There is one area in which the Commission should intervene in the billing and collection market: the Commission should preempt any state rules that prohibit LECs from voluntarily

wire/story/reuters/reu19981006S005>). It does not appear that the rates LECs are charging for billing and collection services are impairing in any tangible way the success of these services.

⁵⁹ Airtouch Comments, Attachment A, "Declaration of Dr. Michael L. Katz and David W. Majerus: An Assessment of ILEC Market Power in CPP Billing and Collection," at 8 (Sep. 17, 1999). Katz and Majerus specifically acknowledge that Ameritech, Cincinnati Bell Telephone, and U S WEST all provide CPP billing and collection services. Id.

⁶⁰ Id. at 7 (citation omitted). Katz and Majerus also observe that one current CPP billing and collection contract with Ameritech "sets a rate of \$0.06 per CPP-billed call." Id. (citation omitted).

⁶¹ Comments of Sprint Corporation at 8.

billing for CPP.⁶² As AirTouch notes, such a prohibition is tantamount to a barrier to entry prohibited by the Communications Act.⁶³

For similar reasons, the Commission should reject the Florida Commission's request that the Commission ensure that "states have the flexibility to impose requirements governing the billing of CPP charges on wireline bills" consistent with its ability to regulate the other terms and conditions of CMRS.⁶⁴ The Commission's truth in billing regulations should resolve any particular concerns that states may have regarding the billing practices of CMRS carriers.⁶⁵ In effect, this argument disputes the Commission's finding that a uniform, national approach to CPP service regulation is essential, and ignores the fact that CPP offerings will transcend state lines.⁶⁶ Extraneous state regulation, though, is unnecessary and may bar CPP development.

D. The Commission Should Not Regulate Technical Issues Surrounding CPP.

Several commenters have asked the Commission to regulate certain technical matters surrounding CPP which in fact do not require Commission action. Specifically, commenters

⁶² See Ohio Commission Comments at 12 ("Ohio Commission possesses the requisite authority to preclude LECs from including in their bills for local exchange service charges from CMRS CPP service"); Comments of Washington Utilities and Transportation Commission at 4-5 (recommending that the Commission not supersede state efforts to regulate billing and collection by LECs) ("WUTC Comments"); CPUC Comments at 14-15 (billing and collection a matter of state regulation).

⁶³ AirTouch Comments at 31-36 (citing Sections 332(c)(3)(A) and 253, 47 U.S.C. § 253(a)).

⁶⁴ Florida Commission Replies at 4.

⁶⁵ See Truth-in-Billing and Billing Format, *First Report and Order and Further Notice of Proposed Rulemaking*, 14 FCC Rcd 7492 (1999).

⁶⁶ Moreover, with the growth of CLECs, more and more calls to wireless carriers will originate on CLEC networks. Such calls generally are not governed by state billing and collection regulation.